

ROSEBERRY CARE CENTRES GB LIMITED

Annual Report and Financial Statements
for the Year Ended 31 December 2020

Roseberry Care Centres GB Limited

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Roseberry Care Centres GB Limited

Company Information

| | |
|--------------------------|---|
| Directors | Mr J Murphy Mr M Dumble Mrs M J Auckland |
| Company secretary | Ms M Summerson |
| Registered office | Roseberry Care Centres 1st Floor Valley View Care Centres Back Lane Penshaw Houghton-le-Spring DH4 7ER |
| Solicitors | Endeavour Partnership Tobias House St Mark's Court Teesdale Business Park Teesside TS17 6QW |
| Bankers | Santander Corporate Banking Level 9, Baltic Place South Shore Road Gateshead NE8 3AE |
| Auditor | MHA Tait Walker Chartered Accountants & Statutory Auditor 1 Massey Road Thornaby Stockton-on-Tees TS17 6DY |

Roseberry Care Centres GB Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal activity

The principal activity of the company is the running of care homes.

Fair review of the business

Roseberry Care Centres GB Limited is a care home operator providing residential and nursing care, primarily across the north of England. At the date of the accounts the company were caring for approximately 670 residents in 14 care settings.

The Company's profit on ordinary activities before tax for the year ended 31st December 2020 amounted to £2,829,501 (2019: £844,072).

The company had net assets of £2,145,228 (2019 net liabilities of £149,854).

During the year the company reinvested £500,000 of capital expenditure back into its homes. Supplementary to this, the sole landlord funded an additional £1,400,000 on a programme of refurbishment which completed in September 2020, this amount has been rentalised over the term of the operating leases. This substantial investment has facilitated a high standard of refurbishment throughout the homes.

The company's key financial and other performance indicators during the year were as follows:

| | Unit | 2020 | 2019 |
|--|------|------|------|
| Occupancy | % | 90 | 93 |
| Average weekly fee* | £ | 685 | 633 |
| Staffing costs as % of fee income* | % | 60 | 61 |
| Home running costs as % of fee income* | % | 15 | 16 |
| Rent cover ratios* | | 2 | 2 |
| EBITDAR as % of fee income* | % | 25 | 23 |

*Note the above ratios exclude grant income and COVID-19 support payments.

In addition to the above, the company also closely monitors and acts upon inspections by the regulator and its two dedicated quality inspection managers which has clearly resulted in an improvement to its CQC (Care Quality Commission) ratings. At the date of the accounts all of the groups homes were rated 'Good' with the CQC.

Roseberry Care Centres GB Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Going concern

At 31 December 2020 the company reported net current assets of £1,200,930 and net assets of £2,145,228.

At the date of signing these accounts the world still finds itself fighting the Covid-19 pandemic. These are unprecedented times and our sector found itself at the forefront. Although it's impossible to predict the final impact that Covid-19 will have on the company, management have followed advice from government, the regulator, the NHS and local authorities and taken appropriate and measured steps to steer its way through the crisis.

The Covid-19 pandemic has clearly had an impact on the company's operations. Sadly death rates have been materially higher than historic rates and there have been increases in costs brought about by a reduction in admissions, purchasing of PPE and costs associated with covering staff absences and restricting the movement of staff. Government and some local councils have recognised these pressures and have provided appropriate levels of financial support by way of awarding temporary increases in fees, paying for void beds, providing PPE and making available infection control grants.

At the date of these accounts, as a result of mass vaccination and lock-down measures, current death rates in England have reduced considerably and the last Covid-19 fatality recorded in any of our homes was early March 2021. We can also report that almost 100% of our residents have been fully vaccinated and similarly, a high proportion of our staff have also received both doses of the vaccine. Rigorous infection control measures and testing also remain in place in all of our care settings. The directors are therefore cautiously confident that we may be seeing a path out of the pandemic.

Based on the above indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. Forecasts for the next 12 months have been prepared which assume a certain level of occupancy and taking into account reasonable possible changes in trading performance, the company is expected to have sufficient level of financial resource available through the next 12 months. Therefore after making enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Roseberry Care Centres GB Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Principal risks and uncertainties

The company has an established and structured approach to risk management. The company's activities expose it to a variety of financial risks and it has adopted risk management policies that seek to mitigate these risks in a cost effective manner.

Credit risk

The company's main financial assets are bank balances, cash and trade receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The company's largest customers are primarily local councils with social services responsibilities and NHS clinical commissioning groups.

Liquidity risk

The company has continued to maintain liquidity and sufficient working capital for its ongoing operations and future developments.

Operational risks

The company's activities expose it to a number of operational risks including reputation and of a regulatory nature.

Reputational risk

In order to mitigate this risk the company delivers a comprehensive package of employee training as well as performance management via formal and informal meetings with all of its employees. In addition the management team have improved and strengthened the collaborative working relationships with local authority and NHS commissioners.

Regulatory risk

In order to mitigate this risk the group has employed two dedicated quality inspection managers who carry out mock inspections and provide action plans where appropriate. The group has also invested in additional regional support managers who's role is to support the regional operations managers and the homes within that region, in order to maintain and improve regulatory compliance and to develop improved commercial business strategies as directed by senior management.

Other risk

The group employs dedicated regional administrators who carry out unannounced financial audits in the homes. This establishes that financial procedures are being carried out in line with group policies and helps to mitigate the risk of potential financial fraud.

Future developments

The company will continue to seek to add growth by challenging and reviewing its current operations and carefully considering any potential, targeted acquisitions.

Approved by the Board on 2 July 2021 and signed on its behalf by:

.....

Mr M Dumble

Director

Roseberry Care Centres GB Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors of the company

The directors who held office during the year were as follows:

Mr J Murphy

Mr M Dumble

Mrs M J Auckland

Mrs D J Rogers (appointed 1 July 2020 and resigned 30 September 2020)

Financial instruments

Objectives and policies

The company finances its activities with a combination of working capital and loans from related parties. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities. See disclosures in the Strategic Report in respect of the financial risk management of the Company.

Employment of disabled persons

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

During the year, the policy of providing employees with information about the Company has continued through internal media methods in which employees are encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow free flow of information and ideas.

Future developments

See disclosures within the Strategic Report regarding future developments of the Company.

Going concern

The impact of COVID-19 upon the company is included in the Strategic Report and Note 2.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Roseberry Care Centres GB Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of MHA Tait Walker as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 2 July 2021 and signed on its behalf by:

.....

Mr M Dumble

Director

Roseberry Care Centres GB Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Roseberry Care Centres GB Limited

Independent Auditor's Report to the Members of Roseberry Care Centres GB Limited

Opinion

We have audited the financial statements of Roseberry Care Centres GB Limited (the 'company') for the year ended 31 December 2020, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Roseberry Care Centres GB Limited

Independent Auditor's Report to the Members of Roseberry Care Centres GB Limited (continued)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 7), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Roseberry Care Centres GB Limited

Independent Auditor's Report to the Members of Roseberry Care Centres GB Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading correspondence with regulators including the Health and Safety staff and the Care Quality Commission;
- Reviewing board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to accruals, deferred income and depreciation; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Social Care Act 2008, Health and Safety; employment law (including the Working Time Directive); and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Roseberry Care Centres GB Limited

Independent Auditor's Report to the Members of Roseberry Care Centres GB Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Christopher Potter BA (Hons) ACA (Senior Statutory Auditor)
For and on behalf of MHA Tait Walker
Chartered Accountants
Statutory Auditor
1 Massey Road
Thornaby
Stockton-on-Tees
TS17 6DY

2 July 2021

MHA Tait Walker is a trading name of Tait Walker LLP.

Roseberry Care Centres GB Limited

Income Statement for the Year Ended 31 December 2020

| | Note | 2020 £ | 2019 £ |
|---------------------------------------|----------|-------------------------|-----------------------|
| Turnover | <u>3</u> | 23,743,656 | 21,344,547 |
| Cost of sales | | <u>(15,708,126)</u> | <u>(13,973,415)</u> |
| Gross profit | | 8,035,530 | 7,371,132 |
| Administrative expenses | | (7,341,890) | (6,679,718) |
| Other operating income | <u>4</u> | <u>2,193,361</u> | <u>239,631</u> |
| Operating profit | <u>5</u> | 2,887,001 | 931,045 |
| Interest payable and similar expenses | | <u>(57,500)</u> | <u>(86,973)</u> |
| Profit before tax | | 2,829,501 | 844,072 |
| Taxation | <u>9</u> | <u>(534,419)</u> | <u>40,257</u> |
| Profit for the financial year | | <u><u>2,295,082</u></u> | <u><u>884,329</u></u> |

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 15 to 27 form an integral part of these financial statements.

Roseberry Care Centres GB Limited

(Registration number: 06281674)

Statement of Financial Position as at 31 December 2020

| | Note | 2020 £ | 2019 £ |
|--|-----------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | <u>10</u> | 1,044,576 | 1,022,775 |
| Current assets | | | |
| Stocks | <u>11</u> | 32,481 | 29,986 |
| Debtors | <u>12</u> | 3,153,495 | 2,706,923 |
| Cash at bank and in hand | | 2,078,906 | 656,999 |
| | | 5,264,882 | 3,393,908 |
| Creditors: Amounts falling due within one year | <u>13</u> | (4,063,952) | (4,530,783) |
| Net current assets/(liabilities) | | 1,200,930 | (1,136,875) |
| Total assets less current liabilities | | 2,245,506 | (114,100) |
| Creditors: Amounts falling due after more than one year | <u>13</u> | (292) | (35,754) |
| Provisions for liabilities | <u>14</u> | (99,986) | - |
| Net assets/(liabilities) | | <u>2,145,228</u> | <u>(149,854)</u> |
| Capital and reserves | | | |
| Called up share capital | | 2 | 2 |
| Profit and loss account | | 2,145,226 | (149,856) |
| Total equity | | <u>2,145,228</u> | <u>(149,854)</u> |

Approved and authorised by the Board on 2 July 2021 and signed on its behalf by:

.....
Mr M Dumble
Director

The notes on pages 15 to 27 form an integral part of these financial statements.

Roseberry Care Centres GB Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

| | Share capital £ | Profit and loss account £ | Total £ |
|----------------------------|--------------------|---------------------------------|-------------|
| At 1 January 2019 | 2 | (1,034,185) | (1,034,183) |
| Profit for the year | - | 884,329 | 884,329 |
| Total comprehensive income | - | 884,329 | 884,329 |
| At 31 December 2019 | 2 | (149,856) | (149,854) |

| | Share capital £ | Profit and loss account £ | Total £ |
|----------------------------|--------------------|---------------------------------|------------|
| At 1 January 2020 | 2 | (149,856) | (149,854) |
| Profit for the year | - | 2,295,082 | 2,295,082 |
| Total comprehensive income | - | 2,295,082 | 2,295,082 |
| At 31 December 2020 | 2 | 2,145,226 | 2,145,228 |

The notes on pages 15 to 27 form an integral part of these financial statements.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is Roseberry Care Centres, 1st Floor Valley View Care Centres, Back Lane, Penshaw, Houghton-le-Spring, DH4 7ER.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

These financial statements are presented in sterling which is the functional currency of the entity.

Summary of disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

The Company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Going concern

At 31 December 2020 the company reported net current assets of £1,200,930 and net assets of £2,145,228.

At the date of signing these accounts the world still finds itself fighting the Covid-19 pandemic. These are unprecedented times and our sector found itself at the forefront. Although it's impossible to predict the final impact that Covid-19 will have on the company, management have followed advice from government, the regulator, the NHS and local authorities and taken appropriate and measured steps to steer its way through the crisis.

The Covid-19 pandemic has clearly had an impact on the company's operations. Sadly death rates have been materially higher than historic rates and there have been increases in costs brought about by a reduction in admissions, purchasing of PPE and costs associated with covering staff absences and restricting the movement of staff. Government and some local councils have recognised these pressures and have provided appropriate levels of financial support by way of awarding temporary increases in fees, paying for void beds, providing PPE and making available infection control grants.

At the date of these accounts, as a result of mass vaccination and lock-down measures, current death rates in England have reduced considerably and the last Covid-19 fatality recorded in any of our homes was early March 2021. We can also report that almost 100% of our residents have been fully vaccinated and similarly, a high proportion of our staff have also received both doses of the vaccine. Rigorous infection control measures and testing also remain in place in all of our care settings. The directors are therefore cautiously confident that we may be seeing a path out of the pandemic.

Based on the above indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. Forecasts for the next 12 months have been prepared which assume a certain level of occupancy and taking into account reasonable possible changes in trading performance, the company is expected to have sufficient level of financial resource available through the next 12 months. Therefore after making enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Assessing indicators of impairment - In assessing whether there have been indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability.

Assessing nature of lease - The Company has entered into commercial leases and as a lessee it obtains use of property, plant and equipment. The classification as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Taxation - Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of tangible assets - The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation. The carrying amount is £2,309,442 (2019 - £1,864,589).

Impairment of debtors - The company makes an estimate of the recoverable value of the trade and other debtors. When assessing impairment of trade and other debtor, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Revenue recognition

Revenue from providing nursing and care services is measured by reference to period of occupancy.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grant will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the assets expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the assets carrying amount.

Government grants included within other operating income includes the UK Government assistance provided through Coronavirus Job Retention Scheme and the Adult Social Care Infection Control Fund during the Covid-19 pandemic.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

| Asset class | Depreciation method and rate |
|-------------------------|------------------------------|
| Long leasehold property | 3-10 years straight line |
| Plant and machinery | 2-10 years straight line |
| Fixtures and fittings | 4 years straight line |
| Motor vehicles | 5 years straight line |
| Equipment | 3-4 years straight line |

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stock, consisting of consumables and cleaning supplies, are recorded at cost.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance costs in the Income Statement and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

| | 2020 | 2019 |
|--|------------|------------|
| | £ | £ |
| Provision of nursing and care services | 23,743,656 | 21,344,547 |

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

| | 2020 | 2019 |
|-------------------------------|-----------|---------|
| | £ | £ |
| Government grants | 1,737,812 | - |
| Management charges receivable | 455,549 | 72,274 |
| Exceptional income | - | 167,357 |
| | 2,193,361 | 239,631 |

Exceptional income in the prior year consists of a loan reduction and the waiver of accrued interest attached to this loan.

Government grants consist of the Coronavirus Job Retention Scheme and the Adult Social Care Infection Control Fund grants.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

5 Operating profit

Arrived at after charging/(crediting)

| | 2020 | 2019 |
|-------------------------|-----------|-----------|
| | £ | £ |
| Depreciation expense | 436,855 | 353,245 |
| Operating lease rentals | 3,288,938 | 2,942,143 |

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

| | 2020 | 2019 |
|--|------------|------------|
| | £ | £ |
| Wages and salaries | 14,187,989 | 12,681,960 |
| Social security costs | 913,896 | 820,369 |
| Pension costs, defined contribution scheme | 197,788 | 172,249 |
| | 15,299,673 | 13,674,578 |

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

| | 2020 | 2019 |
|----------------------|------|------|
| | No. | No. |
| Care staff | 826 | 816 |
| Administrative staff | 43 | 36 |
| | 869 | 852 |

7 Directors' remuneration

The directors' remuneration for the year was as follows:

| | 2020 | 2019 |
|--|---------|---------|
| | £ | £ |
| Remuneration | 212,491 | 168,513 |
| Contributions paid to money purchase schemes | 4,415 | 3,987 |
| | 216,906 | 172,500 |

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

7 Directors' remuneration (continued)

During the year the number of directors who were receiving benefits and share incentives was as follows:

| | 2020 No. | 2019 No. |
|--|-------------|-------------|
| Accruing benefits under defined benefit pension scheme | 1 | 1 |

In respect of the highest paid director:

| | 2020 £ | 2019 £ |
|--------------|-----------|-----------|
| Remuneration | 87,857 | 85,000 |

8 Auditor's remuneration

| | 2020 £ | 2019 £ |
|-----------------------------------|-----------|-----------|
| Audit of the financial statements | 15,525 | 15,000 |

9 Taxation

Tax charged/(credited) in the income statement

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Current taxation | | |
| UK corporation tax | 429,510 | - |
| Deferred taxation | | |
| Arising from origination and reversal of timing differences | 104,909 | (40,257) |
| Tax expense/(receipt) in the income statement | 534,419 | (40,257) |

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Taxation (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Profit before tax | 2,829,501 | 844,072 |
| Corporation tax at standard rate | 537,605 | 160,374 |
| (Decrease)/increase from effect of different UK tax rates on some earnings | (442) | 579 |
| Effect of expense not deductible in determining taxable profit (tax loss) | - | 2,437 |
| Decrease from tax losses for which no deferred tax asset was recognised | - | (203,647) |
| Tax decrease arising from group relief | (2,744) | - |
| Total tax charge/(credit) | 534,419 | (40,257) |

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was deemed substantively enacted on 17 March 2020. The deferred tax balances at 31 December 2020 have been calculated based on this rate. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This new law was deemed substantively enacted on 24 May 2021. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

| | Asset £ | Liability £ |
|--------------------------------|---------------|----------------|
| 2020 | | |
| Accelerated capital allowances | - | 107,534 |
| Other timing differences | 7,548 | - |
| Unused tax losses | - | - |
| | <u>7,548</u> | <u>107,534</u> |
| | | |
| | Asset £ | Liability £ |
| 2019 | | |
| Accelerated capital allowances | - | 60,749 |
| Other timing differences | 6,547 | - |
| Unused tax losses | 59,125 | - |
| | <u>65,672</u> | <u>60,749</u> |

10 Tangible assets

| | Long leasehold property £ | Fixtures and fittings £ | Plant and machinery £ | Equipment £ | Motor vehicles £ | Total £ |
|--------------------------|------------------------------------|-------------------------------|-----------------------------|----------------|------------------------|------------------|
| Cost or valuation | | | | | | |
| At 1 January 2020 | 513,601 | 1,166,399 | 987,971 | 209,713 | 9,680 | 2,887,364 |
| Additions | <u>4,658</u> | <u>85,391</u> | <u>356,217</u> | <u>20,388</u> | <u>-</u> | <u>466,654</u> |
| At 31 December 2020 | <u>518,259</u> | <u>1,251,790</u> | <u>1,344,188</u> | <u>230,101</u> | <u>9,680</u> | <u>3,354,018</u> |
| Depreciation | | | | | | |
| At 1 January 2020 | 287,703 | 777,581 | 635,679 | 154,107 | 9,519 | 1,864,589 |
| Charge for the year | <u>76,592</u> | <u>174,480</u> | <u>172,694</u> | <u>20,926</u> | <u>161</u> | <u>444,853</u> |
| At 31 December 2020 | <u>364,295</u> | <u>952,061</u> | <u>808,373</u> | <u>175,033</u> | <u>9,680</u> | <u>2,309,442</u> |
| Carrying amount | | | | | | |
| At 31 December 2020 | <u>153,964</u> | <u>299,729</u> | <u>535,815</u> | <u>55,068</u> | <u>-</u> | <u>1,044,576</u> |
| At 31 December 2019 | <u>225,898</u> | <u>388,818</u> | <u>352,292</u> | <u>55,606</u> | <u>161</u> | <u>1,022,775</u> |

The amounts capitalised as Long leasehold property consist entirely of improvements made to leased properties.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Stocks

| | 2020 £ | 2019 £ |
|-----------------------------|-----------|-----------|
| Food and cleaning materials | 32,481 | 29,986 |

12 Debtors

| | Note | 2020 £ | 2019 £ |
|--|------|-----------|-----------|
| Trade debtors | | 778,431 | 1,130,956 |
| Amounts owed by group undertakings | | 2,151,778 | 1,440,156 |
| Other debtors | | 32,567 | 55,329 |
| Prepayments | | 190,719 | 75,559 |
| Deferred tax assets | 9 | - | 4,923 |
| | | 3,153,495 | 2,706,923 |
| Total non current element of loans and receivables | | - | (842,747) |
| | | 3,153,495 | 1,864,176 |

Details of non-current trade and other debtors

£Nil (2019 - £842,747) of Amounts owed by group undertakings is classified as non current.

13 Creditors

| | Note | 2020 £ | 2019 £ |
|-----------------------------------|------|-----------|-----------|
| Due within one year | | | |
| Loans and borrowings | | 1,263 | 1,252,285 |
| Trade creditors | | 630,264 | 584,304 |
| Amounts due to group undertakings | 17 | 12,464 | 52,886 |
| Social security and other taxes | | 211,565 | 201,711 |
| Other creditors | | 940,576 | 822,760 |
| Accruals and deferred income | | 1,838,310 | 1,616,837 |
| Corporation tax liability | | 429,510 | - |
| | | 4,063,952 | 4,530,783 |
| Due after one year | | | |
| Loans and borrowings | | 292 | 35,754 |

Included within creditors amounts falling due after more than one year is an amount of £nil (2019: £20,000) for the company in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

14 Provisions for liabilities

| | Deferred tax £ | Total £ |
|--------------------------|-------------------|------------|
| At 1 January 2020 | (4,923) | (4,923) |
| Charge against provision | 104,909 | 104,909 |
| At 31 December 2020 | 99,986 | 99,986 |

15 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £197,788 (2019 - £172,249). Contributions totalling £12,973 (2019 - £20,946) were payable to the scheme at the end of the year and are included in creditors.

16 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

| | 2020 £ | 2019 £ |
|---|------------|------------|
| Not later than one year | 3,352,557 | 3,181,385 |
| Later than one year and not later than five years | 14,604,167 | 13,868,858 |
| Later than five years | 29,289,868 | 32,124,957 |
| | 47,246,592 | 49,175,200 |

The amount of non-cancellable operating lease payments recognised as an expense during the year was £3,288,938 (2019 - £2,942,143).

17 Related party transactions

The Company has taken advantage of the the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

18 Parent and ultimate parent undertaking

The company's immediate parent is Cleveland Healthcare Group Limited, incorporated in England and Wales.

The ultimate parent is Ceres Holdings Limited, incorporated in the Cayman Islands.

The most senior parent entity producing publicly available financial statements is Cleveland Healthcare Group Limited

. These financial statements are available upon request from Companies House

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